

ANNUAL REPORT *of*
THE CHANDLER MOTOR
CAR COMPANY

CLEVELAND

for the Year Ended December 31, 1922

ANNUAL REPORT of
THE CHANDLER MOTOR CAR COMPANY
FOR THE YEAR ENDED
DECEMBER 31, 1922

CLEVELAND

DIRECTORS

F. C. CHANDLER.....	Cleveland
JAMES A. FAYNE.....	New York
JOHN R. HALL.....	Cleveland
W. S. M. MEAD.....	New York
C. A. OTIS.....	Cleveland
SAMUEL REGAR.....	Cleveland
JOHN SHERWIN.....	Cleveland

OFFICERS

F. C. CHANDLER.....	President
W. S. M. MEAD.....	Vice-President
JOHN R. HALL.....	Vice-President
GEORGE M. GRAHAM.....	Vice-President
SAMUEL REGAR.....	Treasurer
ISADOR GROSSMAN.....	Secretary

TO THE STOCKHOLDERS
OF THE CHANDLER MOTOR CAR COMPANY:

We believe that our 1922 report as herewith submitted represents a prosperous condition that will be highly satisfactory to our stockholders.

We were carrying through a definite program originally planned at the beginning of the year.

It was then our best judgment that in emerging from the deflation period, the automobile industry would do well to follow a program of conservatism.

While maintaining this policy we manufactured and delivered almost one hundred per cent more cars than in 1921.

During this period we were developing and perfecting the Pikes Peak Motor, with a knowledge that it would be the basis of our 1923 program.

The announcement of the new Chandler line with the Pikes Peak Motor was made to the public on January 7th, 1923.

The response has been spontaneous and nationwide, with the result that even capacity operations have not enabled us to keep up with the demand.

At this writing your company has more orders on its books and is producing more cars than at any time since the peak period of 1920.

We consider this a most convincing augury of profitable operations for 1923.

F. C. CHANDLER
President

Cleveland, Ohio
February 26th, 1923

CONDENSED BALANCE SHEET

THE CHANDLER MOTOR CAR COMPANY

CLEVELAND

At the close of business December 31, 1922.

ASSETS

PERMANENT

Land and Buildings.....	\$2,048,664.82	
Machinery, Equipment, etc.....	<u>1,817,002.01</u>	\$3,865,666.33
Less: Allowance for Depreciation		<u>711,561.24</u>
		\$3,154,105.09

GOOD WILL

5,000,000.00

CURRENT

Cash on Hand and On Deposit	\$ 584,795.16	
U. S. War Savings Stamps.....	1,000.00	
Customers' Accounts Receivable, less Allowance for Doubtful..	\$ 411,645.40	
Cars and Parts sold for Export	<u>33,352.58</u>	
Miscellaneous Accts. Receivable	43,481.82	488,479.80
Inventory—Raw Material In Process and Finished Product		<u>2,605,907.81</u>
		3,680,182.77

SUBSIDIARY COMPANY

Capital Stock Owned.....	\$ 3,000.00	
Note Receivable.....	<u>266,000.00</u>	269,000.00

OTHER ASSETS

Stock Owned in Other Companies	\$ 816,287.00	
Advances to Manufacturers of Parts	216,941.67	
Miscellaneous Notes and Ac- counts Receivable	<u>97,820.24</u>	1,181,048.91✓

DEFERRED

Prepaid Expenses, etc.....		<u>47,197.18</u> ✓
		\$18,281,533.90

LIABILITIES

CAPITAL (Authorized 300,000 shares) Represented by 280,000 shares of Common Stock with- out nominal or par value.....		\$7,000,000.00
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CURRENT

Notes Payable for Money Bor- rowed	\$ 890,000.00	
Accounts Payable	787,160.06	
Dividends Payable January 2, 1923	420,000.00	
Accrued Real, Personal and Excise Taxes, etc.	181,481.92	
Dealers' Deposits	<u>102,305.90</u>	2,380,947.88

RESERVES

For Federal Taxes (1922).....	\$ 242,179.43	
For Employees' Bonuses.....	<u>30,489.04</u>	272,668.47

SURPLUS

Balance, December 31st, 1922....		<u>3,627,917.55</u>
		\$18,281,533.90

(NOTE A) This Balance Sheet is submitted subject to any adjustment found necessary upon determination by the Treasury Department of the final liability of the Company for Federal Taxes for prior years.

(NOTE B) This Balance Sheet is subject to the comments contained in our "Certificate" included in and made a part of this report.

CONDENSED STATEMENT OF INCOME AND EXPENSE

THE CHANDLER MOTOR CAR COMPANY CLEVELAND

For the year ended December 31, 1922.

INCOME

Gross Profit from Sales of Automobiles and Parts after deducting Cost of Material, Labor and Manufacturing Expense, exclu- sive of Depreciation.....	\$3,952,572.81
Interest Earned	48,205.87
TOTAL INCOME	\$3,995,778.18

EXPENSES AND OTHER CHARGES

Selling, Advertising and General Expenses and Other Charges against Income, includ- ing Depreciation	\$1,470,908.87
OPERATING PROFIT.....	\$2,524,874.81

Inventory adjustment and special charges due principally to change in design of cars and allowances to Distributors and Dealers on account of price changes.....	\$ 576,906.46	
Provision for Federal Taxes	242,179.48	819,085.89
NET CREDIT TO SURPLUS.....		\$1,705,788.42

BALANCE SHEET

MOTORS REALTY CORPORATION CLEVELAND

At the close of business December 31, 1922.

ASSETS

Land and Building (At Cost)	\$ 708,000.00
Cash on Deposit	182.99
Accounts Receivable	11,109.65
	\$ 714,292.64

LIABILITIES

Capital Stock	\$ 3,000.00
Note Payable	266,000.00
Mortgage Payable	400,000.00
Accrued Interest	16,448.33
Reserve for Depreciation	27,760.42
Surplus	1,083.89
	\$ 714,292.64

ERNST & ERNST
AUDITS and SYSTEMS
CLEVELAND

FEBRUARY 24TH, 1923.

BOARD OF DIRECTORS AND STOCKHOLDERS,
THE CHANDLER MOTOR CAR COMPANY,
CLEVELAND.

GENTLEMEN:—

Pursuant to request, we have audited the books of account and record of THE CHANDLER MOTOR CAR COMPANY, CLEVELAND, as of the close of business December 31st, 1922, and submit herewith Balance Sheet, setting forth the financial position of the Company at that date, also condensed Statement of Income & Expense for the fiscal year ended at the date named.

Permanent Assets are represented in this Balance Sheet at the depreciated book value. An allowance of \$121,547.63 has been provided by the management for depreciation of these Assets during the year ended December 31st, 1922, by a charge against operations.

Cash on hand and on deposit at December 31st, 1922, has been fully accounted for by us. Accounts Receivable were proved by us, as to totals, by trial balance of the individual accounts and, based upon our examination and information obtained relative thereto, it is our opinion that ample provision has been made for any reasonable shrinkage in the book value of the accounts anticipated at the date of this report.

The Inventory is stated upon the basis of the lower of cost or market value, as taken and priced by the management. A thorough test of the physical quantities represented has been made by us, as well as the mathematical accuracy of computations and prices used, and the entire Inventory has been certified to us as to salability, prices and quantities.

Full provision has been made for all ascertained Liabilities of the Company at December 31st, 1922, disclosed by the records examined and information obtained by us. Attention, however, is directed to the fact that this Balance Sheet is subject to any adjustment found necessary upon determination by the Treasury Department of the final liability of the Company for Federal Taxes for prior years.

The transactions affecting the Surplus Account during the year ended December 31st, 1922, are summarized as follows:

SURPLUS, December 31st, 1921.....	\$3,606,448.50
Less: Federal Taxes paid for 1921.....	4,319.37
	\$3,602,129.13
Add: Net Profit for the year ended December 31st, 1922—as shown by the Company's books after provision for Federal Taxes	1,705,788.42
	\$5,307,917.55
Dividends paid and provided for, \$6.00 per share.....	1,680,000.00
SURPLUS, DECEMBER 31, 1922.....	\$3,627,917.55

Subject to the foregoing, We HEREBY CERTIFY, that we have audited the books of account and record of THE CHANDLER MOTOR CAR COMPANY, CLEVELAND, as of the close of business December 31st, 1922, and that, in our opinion, based upon the records examined and information obtained by us, the accompanying Balance Sheet is drawn up so as to correctly set forth the financial position of the Company at the date named.

Very truly yours,

ERNST & ERNST
Certified Public Accountants

(SEAL)

THE LEZIUS PRINTING CO,
CLEVELAND



